

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-07 TRSE-00 STR-04
OPIC-03 FEA-01 AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03
H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01
AID-05 CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02
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FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 2645
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E.O. 11652: N/A
TAGS: ETRD, FR, EEC
SUBJECT: FRENCH ACTIONS ON PHOSPHATE FERTILIZER IMPORTS

REF: A) STATE 304025; B) EC BRUSSELS 9734

1. COMMISSION OFFICIALS HERE HAVE MADE NO SECRET IN THE LAST FEW MONTHS THAT THEY ARE UNDER PRESSURE FROM SEVERAL MEMBER STATES, INCLUDING FRANCE, ITALY AND IRELAND TO INVESTIGATE PRICING PRACTICES OF US PHOSPHATE FERTILIZER EXPORTERS AND TO CONSIDER APPROPRIATE RESPONSES, INCLUDING GATT ARTICLE XIX ACTION. IN RESPONSE TO FREQUENT MISSION CONTACTS SINCE CONCLUSION OF LAST HIGH LEVEL BILATERAL CONSULTATIONS IN WASHINGTON IN OCTOBER, COMMISSION OFFICIALS HAVE INDICATED THEY ARE AWAITING ADDITIONAL INFORMATION FROM MEMBER STATES (ITALY IS REPORTEDLY BEHIND IN ANSWERING COMMISSION QUERIES FOR DETAILS) BEFORE PROCEEDING TO FURTHER TALKS WITH THE USG.

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2. IN A RECENT CONVERSATION, LOERKE OF DG-I STATED HIS UNDERSTANDING THAT THE FRENCH GOVERNMENT HAS NO INTENTION AT THIS TIME TO IMPOSE QUOTAS ON A NATIONAL BASIS AND REMAINS WILLING TO CONTINUE TO DISCUSS POSSIBLE COURSES OF ACTION, INCLUDING AN ARTICLE XIX ACTION, WITH THE COMMISSION HERE IN BRUSSELS. ACCORDING

TO LOERKE, NO DECISION IS IMMINENT CONCERNING A COMMISSION RECOMMENDATION ON PHOSPHATE IMPORTS AND NONE WOULD BE TAKEN PRIOR TO FURTHER DISCUSSIONS WITH US OFFICIALS. HE EXPECTS THAT THE FRENCH GOVERNMENT WILL CONTINUE TO USE THE ADMINISTRATIVE VISA REQUIREMENT ALREADY IN EFFECT AND WILL APPLY IT STRICTLY. MISSION ALSO UNDERSTANDS AS PER REFTEL THAT DIAMMONIUM PHOSPHATE FERTILIZER IS ON THE LIBERALIZED LIST SUBJECT TO NATIONAL SURVEILLANCE BY FRANCE.

3. THE MISSION, HOWEVER, IS STILL CONCERNED ABOUT PRESSURE ON THE COMMISSION TO TAKE ANTI-TRUST MEASURES AGAINST U.S. PHOSPHATE WEBB-POMERENE ASSOCIATIONS. WITHOUT PREJUDICE TO THE MERITS OF SUCH A CASE, AND IN LIGHT OF THE PRECEDING AND OF THE CONTINUED DIFFICULTIES IN INTERNATIONAL MARKETING OF PHOSPHATE FERTILIZER, MISSION RECOMMENDS THAT WASHINGTON CONSIDER WHETHER MULTILATERAL CONSULTATIONS ON FERTILIZER SITUATION WOULD BE USEFUL. ONE POSSIBLE FORUM AS MENTIONED IN REF B, WOULD BE OECD WHERE PROBLEM OF EUROPEAN IMPORTS AS WELL AS DEVELOPMENTS AMONG LDC PRODUCERS INTERESTED IN FORMING A CARTEL COULD BE EXPLORED ON A RELATIVELY INFORMAL BASIS. HINTON
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